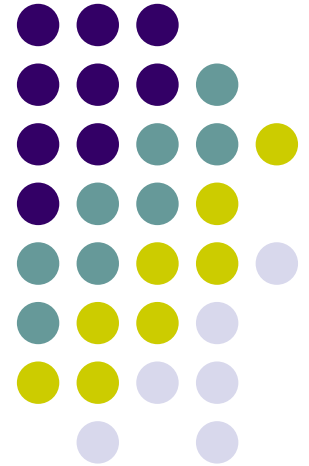


Property Tax Rate Legal Options and Discussion

City Council Budget Briefing
Monday, August 27, 2007



Taxation Law



- **State Law requires public notice of tax rate calculations**
- **Allows taxpayers to roll back or limit tax increase in certain cases**

Effective Tax Rate



- **The effective rate is the rate that generates the same amount of revenue in the new fiscal year on taxable property that was taxed in the previous fiscal year**
- **New construction not included in calculation**
- **FY 2007-08 Effective Rate = 68.72¢**

Rollback Tax Rate



- **The rollback tax rate divides the overall property taxes into two categories:**
 - **General fund**
 - **Debt service**
- **The rollback rate includes an 8 percent increase on general fund taxes**

Rollback Tax Rate (Continued)



- **The rollback rate is: The effective general fund rate plus 8%, plus the tax rate required to pay debt service**
- **The calculated rollback rate is:**
 - **General Fund 55.1705¢**
 - **Debt Service 23.0239¢**
 - **78.1944¢**
- **If the Debt Service rate changes (as a result of Council amendments to the budget), the rollback rate changes**

Notice and Hearing Rate



- **The notice and hearing rate is the lower of either the effective or the rollback rate**
- **FY2007-08 notice and hearing rate = 68.72¢**

Notice and Hearing Rate Requirements



- In order for a taxing unit to adopt a rate above the Notice and Hearing rate the following requirements must be met:
 - Take a record vote for or against consideration of a specific tax rate higher than the notice and hearing tax rate;
 - Publish notice of the date and time for the 2 public hearings and the results of the record vote;
 - Hold 2 public hearings;
 - Publish notice of when the tax rate will be set;
 - Vote on the tax rate

Tax Rates



- **Current = 72.92¢**
- **Effective = 68.72¢**
- **Notice and Hearing = 68.72¢**
- **Proposed = 75.09¢**
- **Rollback = 78.19¢**

- **If the tax rate were**
 - **Set at the Notice and Hearing Rate, revenues would decrease by \$52,222,963**

 - **Set at the Rollback Rate, revenues would increase by \$25,414,629**

- **1¢ = \$8,198,267**

Voter Options if the Adopted Tax Rate Exceeds the Rollback Rate



- **Petition for an election**
- **At least 10% of the registered voters shown on the City's most recent official voter list must sign the petition**
- **Petition must be submitted to the City within 90 days of the tax rate adoption**

City Responsibility After Receiving A Petition For Rollback Election



- **Determine if the petition is valid and pass a resolution regarding its validity within 20 days of receipt**
- **Set a rollback election date 30 to 90 days after the governing body rules on the validity of the petition**
- **If the rollback election fails, the adopted tax rate stands**

City Responsibility After Receiving A Petition For Rollback Election (cont.)



- **If the rollback election passes, a city must reduce its tax rate for the current year to the rollback rate (78.19¢)**
- **If the rollback election passes, the assessor must:**
 - prepare and mail new tax bills
 - refund any taxes paid under original rate
 - postpone the delinquency date by the number of days between the date original bills were mailed and the date the corrected bills were mailed

Schedule



- **August 27**
 - Take record vote to consider a specific tax rate that exceeds the notice and hearing rate
 - Call public hearings on the tax rate for Wednesday, September 12 and Monday September 17

Schedule (cont'd)



August 27 (continued)

- If the Council wishes to consider a different rate than the recommended rate, the resolution could be amended (from the floor) to consider any tax rate
- The tax rate considered in today's resolution becomes the maximum tax rate the Council could set on Wednesday, September 26
- If no action to consider a tax rate is taken today, the maximum rate allowed for FY 2007-08 would be 68.72¢

Schedule (cont'd)



- **Wednesday, September 5**
 - Publish the notice of public hearings and results of the record vote on the tax rate
- **Wednesday, September 12 (11 a.m.)**
 - Hold 1st public hearing (City Council Chambers)
- **Monday, September 17 (9 a.m.)**
 - Hold 2nd public hearing (City Hall Room 6ES)
- **Wednesday, September 19**
 - Publish notice of when the tax rate will be set
- **Wednesday, September 26**
 - Vote on tax rate
 - Ratify increase in taxes in separate vote